

## Change to ToSwap Analytics Calculation for FTSE Fixed Income Indexes

Currently index analytics that are calculated to a swap curve have a floor of zero applied to the rates used as inputs to these calculations. Effective September 14, 2020, this floor will be removed to allow for negative rates to be incorporated. The analytics impacted and the corresponding keywords are Option Adjusted Spread to Swap (OASToSwap), Effective Duration to Swap (EffDurToSwap), and Convexity to Swap (CnvxtyToSwap). Any new fixed income indexes that are launched by FTSE Russell after the change is implemented will reflect the non-floor convention in historical analytics that are calculated to a swap curve. There is no impact to analytics that are calculated to a nominal government curve, such as Effective Duration (EffDur) and Option Adjusted Spread (OAS).

As of June 30, 2020, this change is projected to impact the analytics for bonds denominated in Euro (EUR), Japanese Yen (JPY), Danish Krone (DKK), Swedish Krona (SEK), and Swiss Franc (CHF). The impact of this change for the FTSE World Government Bond Index (WGBI) is shown in Figure 1, the FTSE Euro Broad Investment Grade Bond Index (EuroBIG) is shown in Figure 2, and the FTSE Switzerland Government Bond Index is shown in Figure 3.

**Figure 1. Impact to World Government Bond Index ToSwap Analytics**

	July Profile			Effective Duration to Swap			OAS to Swap		
	Count	Market Value*	MV%	Current	Projected	Absolute Change	Current	Projected	Absolute Change
US	249	8,876.8	37.35	7.001	7.001	0.000	6.966	6.966	0.000
Japan	257	4,244.2	17.86	11.677	11.678	0.002	2.438	3.081	0.644
France	46	1,977.0	8.32	9.198	9.243	0.045	-16.106	9.916	26.022
Italy	74	1,778.5	7.48	7.263	7.295	0.032	96.34	125.409	29.069
Germany	52	1,473.7	6.20	8.266	8.309	0.043	-47.539	-19.377	28.164
UK	47	1,255.0	5.28	14.689	14.689	0.000	11.861	11.861	0.000
Spain	44	1,178.7	4.96	8.210	8.246	0.036	27.366	54.723	27.357
Belgium	30	495.2	2.08	10.156	10.210	0.054	-5.844	17.045	22.889
Australia	24	431.3	1.81	7.164	7.164	0.000	9.372	9.372	0.000
Netherlands	21	390.0	1.64	8.572	8.620	0.048	-34.887	-8.243	26.644
Canada	32	365.9	1.54	7.623	7.623	0.000	-36.463	-36.463	0.000

FTSE Fixed Income LLC	US	EMEA	Hong Kong	Singapore	Japan
28 Liberty Street	+1 646 989 2022	+44 20 7334 8963	+852 2164 3288	+65 6950 3850	+81 3 4563 6345
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Austria	25	301.7	1.27	10.908	10.921	0.062	-20.312	7.552	27.864
Ireland	17	156.6	0.66	8.946	8.998	0.052	-5.452	20.433	25.885
Mexico	15	142.9	0.60	5.833	5.833	0.000	24.731	24.731	0.000
Poland	15	119.9	0.50	4.108	4.108	0.000	11.368	11.368	0.000
Finland	19	118.8	0.50	8.192	8.240	0.048	-30.087	-1.589	28.499
Denmark	7	101.6	0.43	8.837	8.846	0.010	-35.502	-31.728	3.773
Malaysia	37	98.7	0.42	6.853	6.853	0.000	36.909	36.909	0.000
Singapore	19	84.7	0.36	7.778	7.778	0.000	8.660	8.660	0.000
Israel	14	76.4	0.32	7.342	7.342	0.000	11.011	11.011	0.000
Sweden	7	56.8	0.24	6.207	6.207	0.001	-30.202	-29.746	0.456
Norway	8	41.5	0.17	5.544	5.544	0.000	-34.003	-34.003	0.000
<b>WGBI</b>	<b>1,059</b>	<b>23,765.8</b>	<b>100.00</b>	<b>8.740</b>	<b>8.754</b>	<b>0.014</b>	<b>6.555</b>	<b>15.711</b>	<b>9.156</b>

\* in USD billions. Source: FTSE Russell. Data as of June 30, 2020.

**Figure 2. Impact to Euro Broad Investment Grade Bond Index ToSwap Analytics**

	July Profile			Effective Duration to Swap			OAS to Swap		
	Count	Market value*	MV%	Current	Projected	Absolute Change	Current	Projected	Absolute Change
Non-EGBI	4,957	5,145.6	42.34	5.933	5.955	0.029	41.950	74.479	32.499
EuroBIG	3,078	2,540.5	20.90	5.299	5.311	0.026	96.917	128.712	31.765
Corporate	5,285	12,152.7	100.00	7.403	7.435	0.036	23.184	52.724	29.516
EuroBIG									

\* in EUR billions. Source: FTSE Russell. Data as of June 30, 2020.

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Figure 3. Impact to Switzerland Government Bond Index ToSwap Analytics

	July Profile		Effective Duration to Swap			OAS to Swap		
	Count	Market value*	Current	Projected	Absolute Change	Current	Projected	Absolute Change
Switzerland	2	12.8	5.175	5.191	0.017	-54.541	-6.603	47.938

\* in CHF billions. Source: FTSE Russell. Data as of June 30, 2020.

For more information regarding the FTSE Russell fixed income index calculation methodology, please see the FTSE Fixed Income Index Guide.

Please contact us at [fi.index@ftserussell.com](mailto:fi.index@ftserussell.com) with any comments or questions.

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